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(1) Japanese government says Aso held 25-minute "meeting" with

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Obama; Washington announces "discussion"

ASAHI (Page 10) (Full)
Evening, July 9, 2009

Hiroki Arima, Roma

Prime Minister Taro Aso held a 15-minute meeting with U.S. President Barack Obama before the working dinner at the Group of Eight (G-8) summit on July 8 (before dawn on July 9, Japan time). Aso also met with Obama for about 10 minutes after the dinner. According to the Japanese side's explanations, the two leaders confirmed the importance of cooperation between Japan and the United States on the defense front, as well as the fact that the U.S. deterrence is functioning.

The meetings were held at the working dinner venue, while the two leaders were sitting down. However, only interpreters attended the sessions, with no senior Foreign Ministry officials present. The U.S. government announced that it was not a meeting (kaidan) but discussion (kyogi).

Other than the summit meeting between Aso and Russian President Dmitriy Medvedev on the morning of July 9 (on the evening of July 9, Japan time), the Japanese government placed top priority on arranging a meeting between Aso and Obama. The Foreign Ministry, however, appears to have failed to set up an official meeting.

(2) Aso, Obama meet during spare time before and after dinner at G-8 Summit, agree on defense cooperation

MAINICHI (Page 1) (Full)
Evening, July 9, 2009

Tamotsu Takatsuka, L'Aquila

Prime Minister Taro Aso held a meeting with U.S. President Barack Obama for about 15 minutes before dinner and about 10 minutes after on the evening of July 8. They agreed on the importance of Japan-U.S. cooperation in security and defense. Although the Japanese Ministry of Foreign Affairs (MOFA) announced this as a "summit meeting (shuno kaidan)," the U.S. side called this a "discussion" rather than an (official) "meeting."

The two leaders unusually met at the venue of the dining hall with only their interpreters present. This meeting had at first been scheduled for the evening of July 9, but was moved to July 8 in haste because "in case of complications at the Major Economies Forum (MEF), they might not have time to meet." (senior MOFA official)

During the discussion, Aso pointed out that North Korea's development of ballistic missiles "constitutes a serious threat having a direct impact on the security of the neighboring countries, including Japan." The two leaders also confirmed the "effectiveness of the deterrence of the U.S. forces."

(3) Aso, Obama hold brief discussion before and after dinner;
Cooperation on North Korea confirmed

NIKKEI (Page 2) (Full)
Evening, July 9, 2009

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Fumiyoshi Indo, L'Aquila

Prime Minister Taro Aso met briefly with U.S. President Barack Obama on the night of July 8 (before dawn July 9, Japan time) after the working dinner, held at the G-8 Summit venue of the Guardia di Finanza campus. They met for a total of 25 minutes - 15 minutes and 10 minutes before and after the dinner. Sitting on seats in the same hall as the working dinner, they exchanged views through interpreters.

Prime Minister Aso said, "The development of ballistic missiles by North Korea is posing a serious threat directly linked to the security of its neighboring countries, including Japan." The two leaders confirmed that the U.S. nuclear umbrella is functioning as a deterrent and agreed that the two countries will work closer in dealing with North Korea. They agreed also that Japan and the United States would continue cooperative efforts to address global warming and nuclear nonproliferation.

The sessions were so brief that they were announced only in a document on the Japanese side. Meanwhile, the U.S. government in its announcement referred to them as a "discussion" and not an official meeting between the two leaders.

(4) Aso, Medvedev engage in verbal battle over Northern Territories issue; Manage to keep talks alive

YOMIURI (Page 2) (Abridged slightly)
July 10, 2009

Jun Kato, L'Aquila

The meeting held on July 9 between Prime Minister Taro Aso and his Russian counterpart Dmitry Medvedev ended without producing any concrete results on the Northern Territories issues, a matter of great concern to the two countries. The meeting was a disappointment for Aso, who wanted to display his political leadership in finding a solution to the territorial issue. Many in Japan think that a chance to settle the matter has slipped away.

At the meeting, Medvedev pointed out the recent Japanese enactment of a law specifying the disputed islands as an integral part of Japanese territory and Prime Minister Aso's comment, "Russia's unlawful occupation is continuing." The Russian president also expressed his displeasure, saying: "The Russian parliament is reacting negatively to Japan's steps. There is a need to set the stage for a dialogue."

In response, Aso said: "Russia's control of the islands constitutes an ungrounded occupation in terms of international law. This has been Japan's consistent position." Aso continued: "If Russia is not ready to make any concrete progress, Japan will not build a partnership in the Asia-Pacific region."

Although the two leaders exchanged rough words, they confirmed a policy direction to seek a solution that is acceptable to both of

them, while continuing considering all options. They managed to keep the door open to continued talks.

Aso offered a strong rebuttal because the Russian president has repeatedly made positive statements on the territorial issue. For instance, he told Aso last November, "I am not thinking of leaving a

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solution to the territorial issue to the next generation." In February this year, Medvedev proposed Aso to take a creative and unconventional approach to the issue. Based on these statements, Japan expected that the Russian president would make a new proposal.

Former ambassador to Russia Minoru Tamba said: "Japan should come up with a long-term strategy and vision to hold talks with Russia."

(5) Russia confirms policy to continue visa-free exchange program

YOMIURI (Page 2) (Abridged slightly)
July 10, 2009

Kazuki Matsuura, L'Aquila

After the Japan-Russia summit meeting in L'Aquila, Russian presidential aide Sergei Prikhodko confirmed on July 9 a policy direction to continue the visa-free exchange program for Northern Territories' residents and Japanese persons concerned. In reaction to the Japanese Diet's enactment of the revised Law for Special Measures for an Early Resolution of the Northern Territory Issue, the Russian Federation Council has adopted a statement calling for putting a freeze on the visa-free exchange program.

(6) A creative approach a mere slogan

YOMIURI (Page 2) (Abridged slightly)
July 10, 2009

Kenichi Ogata, Moscow

In his talks with Prime Minister Taro Aso on July 9, Russian President Dmitry Medvedev criticized Japan's revised Law for Special Measures for an Early Resolution to the Northern Territories Issue as not setting the stage for a candid dialogue. The president's plan to consider a "creative approach" still remains in the realm of slogans, and there is little hope for progress in talks on the territorial issue.

Japan has enacted the revised law stipulating the four islands as an integral part of its territory. Russia takes this as Japan's refusal to make any compromises, obsessed only with the idea of having the four islands back. The Russian Federation Council has adopted a statement calling for putting a moratorium on the visa-free exchange program, and Etorofu Island has decided to refuse accepting groups of visitors from Japan. Russia has clearly hardened its stance toward Japan.

President Medvedev has repeatedly announced since last August that Russia would not leave a solution to the territorial issue to the next generation. A Japan-Russia relations expert said, "There are no signs that he has considered a new proposal." This seems to mirror Medvedev's decision that conducting full-fledged negotiations with the fragile Aso administration is inadvisable.

(7) Prime minister facing uphill battle over diplomacy as well

SANKEI (Page 1) (Excerpts)
July 10, 2009

Prime Minister Taro Aso is suffering setbacks in the diplomatic

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arena at L'Aquila Summit. He was unable to set up bilateral summits with major leaders as he hoped. He failed to obtain a positive reply

at a summit with Russia regarding the territorial issue, either. He made a proactive statement on the North Korea issue at the G-8 meeting on July 8. However, this has highlighted a difference with the views of other leaders.

Japan-U.S. summit started abruptly

A Japan-U.S. summit abruptly started at the summit conference hall.

The Japanese side had been making adjustments for holding such on the evening of the 9th (early morning on the 10th, Japan time) with the intention to exchange views with a focus on the North Korea issue, using about an hour-break in the summit schedule. It was expected that since Prime Minister Aso and President Obama were sitting side by side for many hours, their summit, if it was to be held, should take place in a proper manner, as a government source put it.

However, before the G-8 working dinner on the evening of the 8th (early morning on the 9th, Japan time), President Obama, accompanied by a Japanese interpreter, reportedly suggested while taking out papers, "Why don't we talk here?" This is how their meeting started out.

In the end, their summit was no more than a "talk standing up" with no other persons present except for the interpreter. The meeting lasted only for 25 minutes. The U.S. side explained that there was no formal meeting.

Gaps in views with other leaders

Prime Minister Aso was the only leader who seriously talked about the North Korea issue. The G-8 declaration on the political issue at the outset took up the Iran issue, the greatest matter of concern for other leaders. The North Korea issue was mentioned in the first part of a segment dedicated to the regional situation, indicating gaps in views between Aso and other leaders.

The prime minister in the Aso Cabinet's e-mail magazine, issued on the 9th, noted that he, as a representative of Japan and Asia, would actively lead discussions to deal with various issues challenging the international community. However, leaders of various countries are making him realize the harsh reality, seeing through Japan's domestic political affairs. Another official accompanying the prime minister said, "I am concerned about whether the prime minister will be able to follow the meetings."

(8) U.S. policy team to come to Okinawa; USFJ Commander Rice plans to continue efforts to reduce noise

RYUKYU SHIMPO (Page 2) (Full)
July 10, 2009

Lieutenant General Edward Rice, commander of U.S. Forces Japan (USFJ), visited Governor Hirokazu Nakaima at the prefectural government building on July 9. In response to the governor's demand to reduce noise at Kadena Air Base and other facilities during the meeting, Rice said: "Steps to improve the situation are already being taken. We are considering taking additional measures,"

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stressing that efforts to reduce the burden will continue. He also revealed that the Obama administration's Japan policy team will visit Okinawa soon on a fact finding mission to help make progress in USFJ realignment and other issues.

This is the commander's second visit to Okinawa. He first came to the prefecture in 2008. He is here this time for the change of command on Kadena Air Base.

Nakaima stated at the meeting: "Because of the relative size of U.S. military bases on Okinawa, they have an impact on the Okinawan people's life. Okinawa is sensitive about this. I hope you understand the situation. Noise at Kadena and Futenma Air Station has worsened. I hope you will continue to make efforts toward

improvement."

(9) ConGen Maher amiable during farewell visit to Okinawa governor

RYUKYU SHIMPO (Page 2) (Full)
July 10, 2009

U.S. Consul General in Okinawa Kevin Maher, who is moving on to become the director of the Japan desk at the U.S. State Department, paid a farewell visit to Governor Hirokazu Nakaima at the prefectural government building on July 9. Maher is reportedly on bad terms with the governor due to his blunt statements about realizing a state of closure at the U.S. military's Futenma Air Station and on revising the Futenma relocation plan. At their final meeting in Okinawa, both Maher and Nakaima were amiable. Their conflicting positions will now be deferred to Washington.

The conversation consisted mostly of cultural topics, such as Okinawa's kariyushi shirts and the local brew awamori. However, the governor suddenly leaned forward and said: "We disagreed on a few things, but since you know Okinawa well, please think about the things you need to consider carefully after you return to the United States." This was an intriguing statement which would appear to be a request on Maher to work on Okinawa's demands.

When he made his first courtesy call after taking up his post three years ago, Maher flatly rejected the governor's demand to revise the plan for Futenma relocation in order to move the replacement facility further offshore. However, during his farewell visit, Maher stated amiably: "As the chief of the Japan desk, I will do all I can to implement the (USFJ realignment) plan and continue to make efforts to reduce the burden on Okinawa." He also said modestly: "It is best for the two sides to exchange views taking clear positions as representatives of the government. I am not sure if I will be able to speak my mind in the same way in Washington. It will probably be difficult."

(10) Governor Nakaima presents eight demands to Defense Minister Hamada, asking him to include SOFA revision in election pledges

RYUKYU SHIMPO (Page 1) (Full)
July 10, 2009

Defense Minister Yasukazu Hamada met with Governor Hirokazu Nakaima at the prefectural government building on July 9. Nakaima handed over a list of eight demands, including revising the plan for the replacement facility of Futenma Air Station to move it further offshore and reducing noise at Kadena Air Base (KAB). With regard to

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the demand to review the Japan-U.S. Status of Forces Agreement (SOFA), the governor asked Hamada to "work on this, even to the extent of including it in the manifesto (campaign pledges) of the Liberal Democratic Party." Hamada's comment on Futenma relocation was limited to "I would like to wait for the governor's opinion (on the preparatory document on environmental assessment)."

Regarding the deployment of the Self-Defense Forces on the island of Yonaguni, Hamada said: "This will be an issue to consider after the upgrade of the (GSDF's) First Combined Brigade to a full brigade is completed. This is not something that I can decide on my own. We will consult with Okinawa Prefecture and the town of Yonaguni as we proceed," emphasizing his stance of respecting the local governments' position.

In the list of demands, "review of SOFA" and "promotion of the use of returned military land" have been upgraded to separate items from being included under "various issues arising from the military bases" in previous documents.

Nakaima demanded further measures to deal with noise on the KAB. He said: "In addition to large-scale joint rapid response exercises and repeated arrival of aircraft not based in Okinawa, F-22 fighters will be stationed again after its temporary deployment about a month ago. There have not been tangible measures to reduce the burden."

In his explanation of the list of demands, Vice Governor Zenki Nakazato said: "We request your consideration on settling the issue (of the Futenma replacement facility) based on the governor's opinion. We also hope for a facility use agreement and regional development measures."

Hamada returned to Tokyo after his meeting with the governor.

(11) Gist of Okinawa's demands presented to Defense Minister Yasukazu Hamada

RYUKYU SHIMPO (Page 2) (Full)
July 10, 2009

Following is the gist of the demands presented by Okinawa to Defense Minister Yasukazu Hamada:

11. Return of facilities and sites south of Kadena Air Base (KAB), other issues

The road map for the implementation of U.S. Forces Japan realignment agreed upon by Japan and the U.S. is rated highly for contributing to the reduction of the burden imposed by the bases on Okinawa. Special consideration is requested for steady implementation.

12. Relocation of Futenma Air Station

Relocation to Camp Schwab is a realistic option for removing the danger posed by Futenma Air Station as quickly as possible. Efforts are necessary to create the conditions for the acceptance of a majority of the local residents. It is necessary to pay attention to the living and natural environment in the environmental assessment and respect as much as possible the local community's wishes, such as moving the replacement facility further off the shore, in the implementation of the plan. In order to resolve the problem, policies on the facility use agreement, giving priority to local

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companies in the contracting process, and local economic development should also be put forward.

13. Drastic review of the Status of Forces Agreement (SOFA)

Improvement of operations at the discretion of the U.S. side has reached its limits. It is necessary to clearly stipulate that even U.S. forces need to abide by Japanese laws.

14. Promotion of solutions to issues arising from the U.S. military bases

It is necessary to deal with issues arising from the bases, such as prevention of crimes and accidents that occur in the course of the operation of the U.S. bases and reduction of noise in the vicinity of the KAB and Futenma, in good faith.

15. Promotion of use of returned military land

The return of facilities and sites south of the KAB will be enormous in scale. Intensive building of urban infrastructure will be necessary and the securing of revenue sources and the establishment of an implementation system will be a problem. Measures need to be taken on this, including the consideration of a new system.

16. Abolition of part of the "Training Area Hotel-Hotel" and return of the Torishima-Kumejima shooting and bombing drill site

17. Final solution to the air defense identification zone over Yonaguni island.

18. Reduction of financial burden for bomb disposal

There are issues that have not yet been resolved in relation to private sector development projects. The government needs to take more responsibility for this.

(12) Examination of policies for Lower House election - What the DPJ

wants to do in foreign and security policies unclear

YOMIURI (Page 4) (Full)
July 10, 2009

The "Genron NPO" group held an open policy debate on July 9.

When former Liberal Democratic Party (LDP) Vice President Taku Yamasaki criticized the Democratic Party of Japan (DPJ) for being "skeptical" about the Japan-U.S. security arrangements, former DPJ Policy Research Committee chief Takeaki Matsumoto retorted with: "We have stated in our manifesto (campaign pledges) that the Japan-U.S. alliance is the axis."

The LDP has prominently underscored "concerns" about the DPJ's foreign and security policies.

President Yukio Hatoyama met UN Secretary General Ban Ki Moon at a hotel in Tokyo on July 1. He stressed that, "We give even more importance to the United Nations (UN) than the present administration." However, he makes a distinction from the position of former President Ichiro Ozawa, who is criticized for advocating the "supremacy of the UN." During the party's presidential election in May, Hatoyama declared that, "I will not stick to the notion that

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we will do whatever the UN decides." Under his "fraternal (yuai) diplomacy," he emphasizes cooperation with "countries with different values," in contrast to Prime Minister Taro Aso's leaning toward "countries sharing common values."

In terms of the Japan-U.S. alliance, the Japan experts in the U.S. trust Vice President Seiji Maehara and others whom they regard as the realists. On the other hand, they are concerned about the views of Hatoyama, Ozawa, and Secretary General Katsuya Okada on the bilateral alliance.

One year ago, Ozawa said that "the U.S. Navy's Seventh Fleet will be sufficient" for U.S. forces in Japan, while Hatoyama - who is known to be an advocate of "security treaty without permanent stationing of troops" - declared in Naha City: "We will let them use the military bases only when necessary; other than that, we will ask the U.S. forces to leave." Okada's idea of a "Northeast Asia nuclear-free zone treaty," which calls for North Korea to form a nuclear-free zone with Japan and the ROK and ask the U.S., China, and Russia to give guarantee that they will not use nuclear arms, is also regarded as "unrealistic."

In January, when Hatoyama was still secretary general, he criticized the LDP administration for "blindly following the U.S." during Diet interpellations. However, even though he advocates an "equal" relationship, the items included by the DPJ's foreign affairs and defense division in the manifesto are a drastic review of the Status of Forces Agreement (SOFA), the discontinuation of the Maritime Self-Defense Force (MSDF) refueling mission in the Indian Ocean, and other demands on the United States. What he wants Japan to actually do remains unclear.

Out of concern about possible frictions with the U.S., there is a strong view in the party that the "road map" for foreign and security policies should not be published and that the party should "give priority to domestic policies until the House of Councillors election in summer 2010, in order to stabilize the new administration." With regard to the relocation of the U.S. Marines' Futenma Air Station within Okinawa, many favor a wait-and-see attitude toward moves in the U.S. Congress for the review of the current plans.

At his meeting with Under Secretary of Defense Michele Flournoy on June 25, Okada said: "We need to set priorities (for policies). We cannot put everything on the table for negotiation."

The LDP obtained the Diet's approval of the bilateral agreement on the relocation of U.S. marines in Okinawa to Guam, which is premised on Futenma relocation, in May. It prioritizes the continuation of the MSDF's refueling mission and anti-piracy measures and favors

improvement of operations with regard to SOFA.

There has indeed been discord between Japan and the United States, over the Bush administration's removal of North Korea from the list of state sponsors of terrorism, for instance. There are also people like former Prime Minister Shinzo Abe who call for including a revision of the constitutional interpretation on the exercise of the right of collective self-defense in the manifesto. Still, it is believed that the LDP is basically positive on the foreign policy so far founded on the Japan-U.S. alliance as cornerstone and intends to further develop such policy.

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(13) Hatoyama suspected of tax evasion regarding political fund donations

SANKEI (Page 5) (Full)
July 10, 2009

The Lower House Special Committee on Political Ethics and Revisions of the Offices Election Law Committee on July 9 effectively launched deliberations with a question and answer session on the bill amending the Political Fund Control Law that totally bans political fund donations by companies and organizations, submitted by the Democratic Party of Japan (DPJ). During the deliberations, the ruling camp rigorously probed the false listing of donations in DPJ President Hatoyama's political fund report.

Liberal Democratic Party (LDP) Election Committee Vice Chairman Yoshihide Suga pursued Hatoyama, saying, "Documents for exempting persons who made political funds donations from part of their income taxes have been given even to those who were eliminated from the political funds report after it was found that their donations were falsely entered. As such, (Mr. Hatoyama) is suspected of evading tax payment. He must be scrutinized."

In the meantime, Hatoyama on the evening of the 9th told reporters, "I am basically certain that there was no tax evasion." He thus totally denied the possibility of tax evasion.

(14) Power shift trend unstoppable

TOKYO SHIMBUN (Page 25) (Excerpts)
July 9, 2009

The right to dissolve the House of Representatives rests with the prime minister. But can the prime minister decide to dissolve the chamber independently?

With the term of the Lower House members scheduled to expire on Sept. 10, Prime Minister Taro Aso has repeatedly said that he will decide when to dissolve the chamber. But the dissolution requires a cabinet meeting and the signatures of all cabinet ministers.

Political analyst Harumi Arima said:

"The Liberal Democratic Party (LDP) is on the verge of becoming an opposition party, and the majority of people are hoping for Lower House dissolution. Under such circumstances, no cabinet minister will probably refuse signing a dissolution document, for such will leave him at a disadvantage."

Hirotsugu Asakawa, also a political analyst, predicted, "If there is a cabinet minister opposing the dissolution, Prime Minister Aso will dissolve the chamber anyway even by dismissing that person from the post." The prime minister is allowed to fire a cabinet minister who has refused to sign and to concurrently serve in that person's post. Four years ago, then Prime Minister Junichiro Koizumi called the so-called postal election after firing Yoshinobu Shimamura as agriculture minister.

Another analyst, Kichiya Kobayashi, thinks Aso will not be able to dissolve the chamber if there is opposition from a cabinet minister. Kobayashi also predicted:

"In such a case, the Prime Minister will have to move up the LDP presidential election. In any case, the next general election will soon follow that offers slim chances for LDP victory."

What is the future of the Aso administration like? One of the key points is whether or not the highly popular Miyazaki Gov. Hideo Higashikokubaru will join the LDP. Arima commented:

"Some people might vote for the LDP if Higashikokubaru says, 'The LDP has changed because I have joined it.' But at present, the LDP's pathetic stance of begging him to run in the election on its ticket seems counterproductive."

Kobayashi, too, offered a severe opinion:

"It would be better for the LDP to come up with a solid manifesto and frontally face the election by addressing the question of hereditary seats, a reduction of the number of Diet seats, and other matters."

Another key element is a false donation issue involving Democratic Party of Japan (DPJ) President Yukio Hatoyama. It is good news for the Aso cabinet, which has been suffering dwindling support ratings despite a string of measures, such as a cash handout program, a pump-priming budget, and a 1,000 yen expressway toll program.

Asakawa predicted that the Hatoyama case will not develop into a huge scandal that can stop the ongoing trend for a change of government.

The LDP, too, is saddled with murky donations to Finance Minister Kaoru Yosano and to Economy, Trade and Industry Minister Toshihiro Nikai. They are likely to become a point at issue in upcoming campaigning for the election. Kobayashi thinks the trend will not change unless new facts come to light. Arima noted:

"Nationally, there is deep mistrust in LDP politics due the pension issue, introduction of the insurance system for people 75 and older, and other matters."

(15) Prime Minister Aso being besieged from all sides; Political situation to become fluid after Tokyo Metropolitan Assembly election

TOKYO SHIMBUN (page 2) (Abridged slightly)
July 10, 2009

As it looks more likely that the political situation over whether Prime Minister Taro Aso resigns will become fluid after Tokyo Metropolitan Assembly election on July 12, tensions are growing day by day in the ruling Liberal Democratic Party (LDP). This newspaper simulated the possibility of Aso's resignation, what impact Aso's exit would have on the timing for the dissolution of the House of Representatives and a general election. The extremely severe situation lies ahead for Aso after he returns home.

The general view in the LDP is that although the ruling coalition has set a low bar for victory, which means that the ruling parties should control a majority (64 seats) in the Tokyo Metropolitan Assembly, it will be extremely difficult for the ruling camp to exceed the win-lose line.

If the ruling coalition fails to top the low threshold for victory, moves to unseat Aso as prime minister will intensify. Calls for Aso's resignation will likely be heard not only from junior and mid-level lawmakers, who are not confident of winning their seats, but also from LDP executive members and faction leaders who have supported Aso.

A major tactic to prevent such calls is the dissolution of the Lower

House immediately after the Tokyo assembly election. However, it is not a realistic idea because if the Prime Minister chooses this option, there will be a possibility that the LDP will fall into the opposition, leading to the party's collapse.

Expectations are strong that former Prime Minister Yoshiro Mori, who has strong influence over the Aso administration, will pursue Aso not to dissolve the Lower House right after the Tokyo race. There is a sufficient possibility that Aso, who has confidence in himself, will give up on an early dissolution.

It is certain that the moves to oust Aso will become stronger if there is no fear of the Lower House being dissolved early. If the situation becomes increasingly chaotic, Aso will be forced to step down from his post as prime minister. It is presumable that the New Komeito, the LDP's junior coalition partner, which takes a stance at present of allowing Aso to dissolve the lower chamber on his own, will abandon Aso.

If the situation develops into Aso's resignation, the LDP will immediately conduct a presidential election. However, since there is little time left until the end of the current Diet session, the LDP leadership race will be held in a general meeting of all party members from the two Diet chambers. It is unpredictable that how many members will run for the presidency. What is clear is that the LDP regardless will face an uphill battle in the general election. The public has an icy view toward replacing again prime minister immediately before the Lower House election. It is difficult for the LDP to regain party strength even if the LDP goes into the snap election under the new president's leadership, replacing Aso.

There is another scenario that Aso will stay on in the prime minister's post until the end of the ongoing Diet session. If such is the case, Aso will dissolve the Lower House.

(16) Lower House election or oust-Aso after Tokyo assembly election?

NIKKEI (Page 2) (Full)
July 9, 2009

It is certain that the result of the July 12 Tokyo Assembly election will have an impact on Prime Minister Taro Aso's strategy for dissolving the House of Representatives and calling a general election. The ruling parties intend to devote their energy to securing a majority (64 seats) of the Tokyo assembly, which they consider the victory-or-defeat line. If they lose the election, calls for putting off Lower House dissolution and for Aso's resignation as prime minister will likely spread. The opposition camp plans to shake the ruling coalition by submitting a no-confidence motion against the Aso cabinet. Nobody can predict how the political situation turns out.

DPJ may prevent Aso from resigning by presenting no-confidence

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motion

The main opposition Democratic Party of Japan (DPJ) looks forward to an early dissolution of the Lower House by Prime Minister Aso, who has been suffering from low support rates in polls. A no-confidence motion against the cabinet is a strategy for such. It is expected that a motion will be voted down by the ruling camp even if submitted. The DPJ's aim is to have Aso win the confidence and the LDP lose the credibility of removing Aso from office. DPJ President Yukio Hatoyama told reporters yesterday at party headquarters that, "We will make a decision after watching the Tokyo assembly election."

The DPJ intends to push forward with important bills, aiming to seek to constrain Aso to delay dissolution, citing deliberations on the bills as a reason. A bill to expand relief to victims of Minamata disease was enacted on July 8. A bill amending the Organ Transplantation Law will probably be put to a vote on July 10 in a plenary session of the House of Councillors, after an interim reporter is made.

The ruling and opposition parties have agreed to refer a special measures bill on cargo inspections on ships going and out of North Korea to the Lower House Antipiracy Special Committee, skipping explanations on the bill and question-and-answer sessions at a Lower House plenary session. The special committee will launch deliberations on July 9.

Speeding up the passage of bills is the DPJ's aim to prepare for a no-confidence motion against the cabinet.

The DPJ's calculation is that if key bills are enacted, criticism will be limited for it boycotting deliberations after the adoption of a censure motion.

If the DPJ is defeated in the Tokyo assembly race, the submission of a no-confidence motion and censure resolution could become an excuse for LDP members calling for Aso to quit his post. Hatoyama said yesterday: "We will need to ascertain how the Prime Minister and the LDP respond to (a no-confidence motion). We should be cautious."

LDP may push back general election if it loses Tokyo election

"A decision on Lower House dissolution comes before anything else. If you care about among other matters, deliberations on bills, there will be no end," said a person close to Aso.

The Prime Minister's Official Residence's (Kantei) side has a scenario that Aso will dissolve the Lower House next week after the ruling camp secures a majority of the Tokyo Metropolitan Assembly, in order to hold the snap election in early August. Aso said: "I will make a decision on my own at an appropriate time."

However, the LDP has lost large-scale local elections for the fourth time in a row since Yukio Hatoyama became DPJ president. If the party is defeated in the Tokyo race, which has drawn much attention, it could portend a trend of unaffiliated voters in urban areas voting DPJ. Chances are that the view calling for putting off Diet dissolution will gain greater momentum.

In the LDP, calls are now gaining ground for a pursuit of DPJ President Hatoyama's political fund issue. If Aso fails to dissolve

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the Lower House next week, the possibility is that the lower chamber will be dissolved immediately before July 28 when the current Diet session ends to call a general election in late August or later.

The New Komeito's position is that it is desirable for it to have one month between the Tokyo race and the general election. Secretary General Kazuo Kitagawa told reporters, "I cannot say that the result of the Tokyo assembly election will have no impact on the timing of Lower House dissolution."

There is the possibility that the drive to unseat Aso as prime minister will accelerate if the ruling camp loses the Tokyo race.

"Prime Minister Aso is a relief pitcher. We should choose a starting pitcher through a presidential election," said former LDP Secretary General Tsutomu Takebe yesterday to junior lawmakers. He stressed again that the LDP should carry out a presidential race before the Lower House election.

(17) Interview with Honorary ACCJ Chairman Charles Lake: What is Japan-U.S. relationship without foreign pressure under Obama administration?

MAINICHI (Page 9) (Full)
July 10, 2009

--..You said in your latest work that the U.S. Obama administration will put no pressure on Japan, using the words "black ships will not come any more."

"In the past, there were cases in which the U.S. sent black ships to Japan or cases in which Japan used black ships, by making them to

come in order to persuade the domestic audience. However, the Obama administration will never put pressure on Japan in order to make it change, when it does not want to change. The age when Japan carries out domestic reforms using external pressure ended a long time ago."

However, even though no black ships have come and there have been no calls for them to come, some continue to insist that black ships indeed have come, or that the U.S. is behind all this. These people are just trying to cause reformists to lose people's trust, by setting off economic nationalism, saying that the structural reforms have been made just to comply with a U.S request, without pursuing essential discussion. I call them the "expel the barbarians" faction of the Heisei Era."

-- The mentality of bureaucrats at Kasumigaseki (Japan's bureaucratic center), who have thus far used external pressure, might not have changed.

"Not necessarily so. Both bureaucrats and politicians understand that now is no longer the time when black ships come to Japan. It may sound as if they have not changed, as you say, because there are cases in which it is easier to implement reforms, if they say at the implementation stage that this request was made by the U.S. In Japan, prime ministers have been replaced almost every year, making it impossible for it to come up with a strategic stance. People are now asking around 'What will the Obama administration seek (from Japan)?' or 'What is his world-view?' However, when it comes to what Japan should do, some people are unable to give any explanation at all."

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-- What is the Obama administration's view of Japan now?

"Japan will remain an important ally of the U.S. The U.S. will move ahead with a partner that can move ahead. A new world order will be created through efforts to deal with the global economic crisis. The U.S. will give high scores to countries that have moved ahead with the U.S. in building a new order. If Japan remains unable to make decisions, the U.S. will not wait for its decision forever. I am telling Americans, 'Now happens to be the time when Japan's politics has come to a standstill. I want you to patiently watch Japan make decisions.' In the case of the U.S., policy making on such issues as the prevention of global warming, for instance, had to wait until campaigns for the presidential election was over.

The Asia-Pacific Economic Cooperation forum (APEC) will become very important both for Japan and the U.S. Japan will host the meeting. The U.S. will serve as the next host nation. Japan will take the initiative to strengthen the free trade system and in the energy area and set a trend. On such an occasion, if Japan strategically cooperates with the U.S., the next host nation, it will be a good opportunity to show that Japan and the U.S. are the axis of APEC. I am keeping close tabs on various parties' manifestos for the upcoming Lower House election in terms of what strategic thinking they have as a political party of the host nation for APEC conference. This is the indispensable item for the manifesto of a political party that will run the government.

-- There will be an Upper House election next year. Japan's political situation will remain unstable for some time to come.

"There are challenges to be tackled regardless of ideological inclinations. Former president Bush on January 7 invited then president-elect Obama and past presidents, including his own father, Mr. Clinton and Mr. Carter, to the White House. Former presidents of both the Republican and Democratic Parties gathered and sent a message (to Mr. Obama) that the current economic crisis must be overcome not as a problem to be settled either by the Republican Party or by the Democratic Party but as a crisis concerning the U.S. That is because the voices of the people are calling on them to jointly tackle problems on which they can agree. This tendency is particularly strong concerning the security area. That is because an incoming missile does target just one of the two parties. Japan shares this situation that requires approaches regardless of

ideological inclinations.

Charles Lake: 47 years old. Born in South Carolina. Graduated from George Washington University Law School. Serving as representative and chairman of Aflac Japan, after serving as head of the United States Trade Representative's Japan Desk. His works include "Great Japan - Black Ships Will Not Come Any Longer." (published by Asahi Shimbun).

(18) TOP HEADLINES

Asahi:
Foreign Ministry officials disposed of documents on secret nuke arms pact

Mainichi, Yomiuri, Nikkei, and Sankei:

G-8, developing countries aim to conclude WTO trade talks in 2010

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Tokyo Shimbun:
Ruling parties favor Lower House election in late August or later

Akahata:
JCP Shii busy stumping for candidates for Tokyo Metropolitan Assembly

(19) EDITORIALS

Asahi:
(1) G-8 nuclear statement: G-8 should change history to eliminate nuclear weapons
(2) Governors and decentralization: Don't make a fuss for nothing

Mainichi:
(1) Japan-U.S. cooperation needed for elimination of nuclear weapons
(2) Aso diplomacy produces few results

Yomiuri:
(1) G-8 economic declaration: World economic recovery still needs careful efforts
(2) JR West derailment accident: Safety consciousness of executives questioned

Nikkei:
(1) G-8 alone cannot lead the world
(2) Will Indonesia's economy continue to grow even after Yudhoyono's reelection as president?

Sankei:
(1) G-8 summit: 80 percent reduction goal too high
(2) Japan-Russia summit: Distortion of history regrettable

Tokyo Shimbun:
(1) Anti-global warming measures: How to limit temperature rise to 2C
(2) Cargo inspection law: Details should be ironed out

Akahata:
(1) G-8 summit: Campaign necessary for implementing declaration
(20) Prime Minister's schedule, July 8

NIKKEI (Page 2) (Full)
July 10

Evening Met with U.S. President Obama at the Guardia di Finanza Campus in L'Aquila in Italy. Working dinner with leaders of the G-8 countries. Met with the U.S. president again. Stayed in L'Aquila.

Prime Minister's schedule, July 9

NIKKEI (Page 2) (Full)

July 10

Morning Met with Russian President Medvedev at the Guardia di Finanza Campus. Summit meeting of G-8 and emerging countries. Afternoon Photo session with leaders of 14 countries. Working lunch. Junior-8 summit for young people from various countries. Photo

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session. Major Economies Forum (MEF).

ZUMWALT